

TOPIC: PROJECT UPDATE and EAG RECOMMENDED FUNDING ALLOCATION MODEL

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Agenda for 1319 Portion of Meeting:

1. Public Comment (*limited to 3 minutes per speaker*)
2. Project Update – *discussion item* (20 minutes)
3. EAG Recommended Model – *action item* (40 minutes)
4. Next Step in the Conversation – *discussion item* (90 minutes)

I. SUMMARY

PROJECT UPDATE:

Per HB 14-1319, DHE staff bring the FAMET and EAG recommended funding allocation model to the Colorado Commission on Higher Education (CCHE) for consideration and action. This recommendation represents the culmination of seven months of hard work and incorporates the feedback from the public education and outreach process, project teams, and CCHE.

During our public education and outreach process, we held seventeen regional meetings over three weeks with over 400 attendees. Thousands of departmental and institutional staff hours were invested into designing and recommending the best technical response to the legislative mandate that could be achieved in such a short timeframe. As we created the model, we worked to ensure that Colorado's public institutions of higher education continue to be viable and serve the wide spectrum of needs of our students – both academically and regionally. Lastly, the project leveraged the vast experience of our vendor – the National Center for Higher Education Management Systems (NCHEMS) – who has completed similar model projects across the country and brought with them the lessons learned from other states.

The Funding Allocation Model Team (FAMET) unanimously approved a recommended funding allocation model on November 19th and forwarded the recommendation to the Executive Advisory Group (EAG) for action.

The EAG met on November 21st to consider the recommendation and overwhelmingly approved it with a vote of nine “green” (which stood for “Yes”) and one “yellow” (which stood for “*I am comfortable moving this recommendation forward, but still have some questions*”). The questions outstanding were related to fully understanding the data, calculations, and programming of the actual model.

Our vendor, NCHEMS, continues to finalize the programming of the model. Once this is fully completed, they will provide complete documentation of the programming and logic along with the data needs for the model for inclusion in the final project report, due to the JBC on January 15, 2015.

II. BACKGROUND

HB 14-1319 requires CCHE to create and implement a new funding allocation model for state general fund dollars to state institutions of higher education in Colorado - and specifically requires this to be done in a transparent manner in consultation with “Interested Parties”, which are defined in the bill as including but not limited to *“the governing boards of institutions, institution administrators, higher education advocates, students, faculty, nonprofit education organizations, and members of the business community.”*

III. STAFF ANALYSIS

EAG Recommended Funding Allocation Model

This recommendation represents unanimous approval by the FAMET and the overwhelming support of the EAG.

This model represents a careful balance of meeting the directives of the bill and the project principles; incorporating the feedback from the public education and outreach process; and, finding common ground with the affected institutions. As directed by the legislation, this model emphasized funding for enrollment. However, it also recognizes the uniqueness of each institution – who they serve, how they serve them, and the environment in which they serve them. In addition, the model emphasizes increasing remedial success, retention, and completions while also acknowledging the different sizes of the institutions by providing a performance metric that rewards for “rates” of completions.

Staff and proponents of the bill are confident that the recommended funding allocation model complies with statute, is true to the process undertaken, and has the flexibility needed to provide greater incentive to advance the goals of the state and the CCHE Master Plan.

IV. STAFF RECOMMENDATIONS

Formal action is needed by the Commission on the EAG Recommended Funding Allocation Model.

- **Staff recommends CCHE adopt the *EAG Recommended Funding Allocation Model*.**

V. STATUTORY AUTHORITY

HB 14-1319 “Concerning the Creation of an Outcomes-Based Funding Model for Higher Education, and, in Connection Therewith, Making and Reducing Appropriations”

ATTACHMENTS:

PowerPoint Presentation (Agenda Item #2)
EAG Recommended Funding Allocation Model (Agenda Item #3)
Letter – Mark Ferrandino (Agenda Item #4)